

Message Text

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PAGE 01 STATE 127535

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ORIGIN ARA-10

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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN NIACT IMMEDIATE

C O N F I D E N T I A L STATE 127535

FOLLOWING SENT ACTION SECSTATE INFO GENEVA FROM LONDON JUN 19
REPEATED YOU:

QUOTE

C O N F I D E N T I A L LONDON 07061

PASS STR

E. O. 11652: XGDS

TAGS: ETRD, GATT, US, UK

SUBJECT: DOLLAR AREA QUOTAS (DAQ' S)

REF: OECD PARIS 16012; GENEVA 2925

1. M. J. E. FRETWELL, HEAD OF TRADE POLICY DEPARTMENT AT
FCO, HAS GIVEN US COPY OF DRAFT AIDE MEMOIRE FCO INTENDS
INSTRUCT BRITISH EMBASSY DELIVER IN WASHINGTON. BEFORE
SENDING INSTRUCTIONS, HOWEVER, FCO WANTS TO BE SURE THAT
WE ARE IN COMPLETE AGREEMENT ON SUBSTANCE OF
ARRANGEMENT WORKED OUT IN PARIS JUNE 8. WE HAVE
EXAMINED AIDE MEMOIRE AND BELIEVE IT ACCURATELY REFLECTS
JUNE 8 AGREEMENT WITH EXCEPTION OF DAQ ON CIGARS. WE
UNDERSTOOD QUOTA WOULD BE DOUBLED IN EACH OF NEXT TWO
QUOTA PERIODS, WHEREAS DRAFT STATES THEY WILL BE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 127535

" SUBSTANTIALLY ENLARGED." FOLLOWING IS TEXT OF DRAFT:

"1. THE BRITISH EMBASSY HAVE BEEN INSTRUCTED TO CONFIRM TO THE OFFICE OF THE SPECIAL TRADE REPRESENTATIVE THE AGREEMENT WHICH WAS REACHED IN TALKS BETWEEN BRITISH AND UNITED STATES REPRESENTATIVES ON 8 JUNE ON THE SUBJECT OF DOLLAR AREA QUOTAS.

"2. ON THE UNDERSTANDING THAT THIS WILL PROVIDE A SETTLEMENT OF THE PROBLEM WHICH IS ACCEPTABLE TO THE GOVERNMENT OF THE UNITED STATES, THE BRITISH GOVERNMENT CONFIRM THAT:-

A) THE QUOTA ON RUM WILL BE SUBSTANTIALLY ENLARGED IN EACH OF THE QUOTA YEARS 1975/76 AND 1976/77 AND WILL BE TERMINATED IN 1977.

B) THE QUOTAS ON FRESH AND FROZEN GRAPEFRUIT, CANNED GRAPEFRUIT AND ORANGE AND GRAPEFRUIT JUICES WILL BE TERMINATED AT THE END OF THE RELEVANT QUOTA YEARS IN 1975.

C) THE QUOTA ON CIGARS WILL BE SUBSTANTIALLY ENLARGED IN EACH OF THE 1974 AND 1975 QUOTA YEARS AND WILL BE TERMINATED IN 1975.

"3. THE BRITISH GOVERNMENT UNDERSTAND THAT IT IS THE INTENTION OF THE UNITED STATES GOVERNMENT TO REVERT LATER IN THE YEAR TO THE QUESTION OF FRESH GRAPEFRUIT AND AGREE THAT IN THE MEANTIME BOTH GOVERNMENTS WILL CONSIDER FURTHER THE RELEVANT ECONOMIC FACTORS.

"4. THE UNITED STATES GOVERNMENT ARE REQUESTED TO CONFIRM THAT THE ABOVE REPRESENTS AN ACCEPTABLE SETTLEMENT OF THE QUESTION OF DOLLAR AREA QUOTAS AND THAT THE UNITED STATES WILL NOW INFORM THE CONTRACTING PARTIES TO THE GATT THAT THE MATTER HAS CONFIDENTIAL

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PAGE 03 STATE 127535

BEEN SETTLED BY BILATERAL CONSULTATION."

2. FRETWELL TOLD US THAT BRITISH MEETING WITH CARIBBEANS SCHEDULED FOR JUNE 14 HAD BEEN POSTPONED ONE DAY AT REQUEST OF CARIBBEANS WHO MUSTERED FORCES TO CALL ON LORD BALNIEL, MINISTER OF STATE AT FCO, AS A GROUP JUNE 15 TO PRESENT THEIR CASE IN FAVOR OF DAQ' S. LORD

BALNIEL INFORMED THEM OF OFFER TO USG ON ELIMINATION OF DAQ' S. AT THEIR INSISTENT PRESSURING, HOWEVER HE WAS OBLIGED TO AGREE TO RECEIVING FURTHER REPRESENTATIONS FROM THEM INDIVIDUALLY AND FROM CARIFTA. FETWELL ESTIMATES THAT THIS WILL TAKE ANOTHER WEEK OR SO. AFTER A DECENT INTERVAL LORD BALNIEL WILL INFORM THEM THAT THEIR ADDITIONAL ARGUMENTS HAVE BEEN CAREFULLY CONSIDERED, BUT THAT HMG MUST CARRY OUT THE AGREEMENT IT HAS REACHED WITH USG. IN MEANTIME, FCO WILL GO AHEAD WITH AID MEMOIRE TO USG.

3. FRETWELL ALSO NOTED THAT GATT PANEL HAS ASKED US AND UK REPS TO APPEAR BEFORE IT ON JUNE 20. BRITISH REP HAS BEEN INSTRUCTED TO WORK CLOSELY WITH HIS US COUNTERPART AND TO INFORM PANEL THAT THE TWO PARTIES CONCERNED HAVE WORKED OUT AGREEMENT. FRETWELL SUSPECTS THAT CARIBBEANS HAVE INSTIGATED THIS AS LAST DITCH ATTEMPT TO USE PANEL TO PREVENT US AND UK FROM CARRYING THROUGH WITH AGREEMENT.

4. ACTION REQUESTED: PLEASE ADVISE SOONEST WHETHER AIDE MEMOIRE ABOVE IS ACCEPTABLE. FCO WISHES DELIVER IT WITHOUT FURTHER DELAY.

ANNENBERG

UNQUOTE ROGERS

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